NATIONAL BANK OF CANADA-Annual Report 1979

This report presents the financial statements of Bank Canadian National and The Provincial Bank of Canada as at October 31, 1979, as well as the opening financial statement of the National Bank of Canada, as at November 1, 1979.
The National Bank of Canada resulted from the merger of Bank Canadian National and The Provincial Bank of Canada. The two parent banks with their long history are evoked in the name of the new bank, which can trace its origin back to one of the very early founding banks, the Banque Nationale, chartered in Québec in 1859.

Legal deposit, 1st quarter 1980
Bibliothèque Nationale du Québec
(on peut obtenir sur demande un exemplaire français)

Contents

Bank Canadian National
The Provincial Bank of Canada
National Bank of Canada

	Bank Canadian National 1979	1978	The Provincial Bank of Canada 1979	1978	National Bank of Canada 1979
Assets	**$9,436,301,326**	$7,872,428,308	**$6,170,395,074**	$4,983,469,681	**$15,475,358,563**
Deposits	**8,748,180,407**	7,303,716,715	**5,779,103,251**	4,636,630,075	**14,395,945,821**
Loans	**6,208,186,699**	5,387,637,161	**4,294,291,254**	3,371,251,160	**10,502,477,953**
Accumulated appropriations for losses	**66,268,561**	73,350,189	**42,524,030**	38,251,946	**108,792,591**
Debentures	**71,948,000**	70,998,000	**50,000,000**	50,000,000	**121,948,000**
Balance of Revenue for the year after provision for income taxes	**14,847,729**	29,699,996	**17,981,779**	18,852,363	**32,829,508**
Balance of Revenue for the year after provision for income taxes, per share*	**1.35**	3.08	**1.97**	2.28	**1.63**
Dividends	**13,190,229**	11,015,443	**10,200,835**	8,850,038	**23,391,064**
Dividends per share	**1.20**	1.16	**1.12**	1.06	**1.16**
Shareholders' equity and accumulated appropriations for losses	**265,162,200**	267,125,842	**178,847,595**	169,125,789	**444,009,795**
Shareholders' equity and accumulated appropriations for losses, per share	**24.11**	24.38	**19.63**	18.59	**22.08**
*Based on the weighted monthly average of equivalent fully paid shares	**10,991,905**	9,643,729	**9,106,951**	8,278,010	**20,098,856**

As at November 1, 1979, the National Bank of Canada had 22,416 shareholders, 14,803 employees, 868 branches and offices.

Germain Perreault
Chairman of the Board and Chairman of the Executive Committee

Address by the Chairman of the Board at the Annual General Meeting, January 17, 1980.

Today's meeting is of special significance. It is the first time since the announcement of the merger forming the National Bank that shareholders of the two parent banks have come together. Mr. Jacques Douville, Executive Vice-President and Chief General Manager, will report on the financial statements of Bank Canadian National and The Provincial Bank of Canada for the year ended October 31, 1979. He will also present the opening financial statement of the National Bank of Canada. Mr. Michel Bélanger, President and Chief Executive Officer, will give his views on the future direction of the new Bank. First, however, I would like to briefly review those events which led to the merger.

As Mr. Michel Bélanger and I pointed out in the foreword to our presentation made on September 4 to shareholders of both banks, several factors were behind our mutual consideration of the possibility of a merger and the consequent proposal made to our directors on June 29 and our shareholders on September 4. The additional approval of the Governor in Council was obtained and the National Bank of Canada was founded on November 1, 1979.

Considerations upon which we based our decision to amalgamate are as justified today as they were six months ago. There are those who see this as an historic event, linking two banks obliged to spend increasingly large sums to meet an ever stronger competition and to vie, not infrequently, for the same customers.

Our action was not only subject to much praise, but also to certain criticism. You will concede, along with me, that a merger on this scale is exceedingly complex and incurs numerous problems. However, as you will shortly learn from Messrs. Bélanger and Douville, certain problems are now behind us while those remaining are well in hand.

The human element should not be minimized. Although relatively few problems have been experienced in relation to the new Bank's 15,000 employees, solutions are often not easy to find, simply because we are dealing with human beings, making it difficult sometimes to distinguish between rationale and emotions. We believe nonetheless that such problems will soon be resolved to the benefit of both the Bank and those individuals involved.

I would not hesitate, quite honestly, to act in just the same fashion and to take the same decisions if the opportunity were to present itself once again. I remain convinced that the advantages resulting from the merger will far outweigh any serious problems encountered, and this basic belief has renewed my faith in the positive aspects of our future.

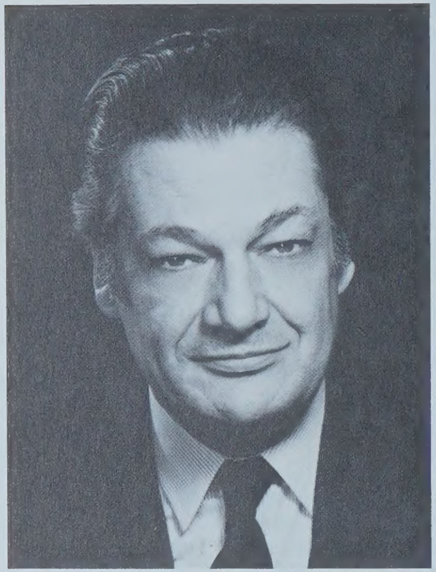
One of the more difficult situations facing the Board during its deliberations of the past months has been the large number of directors. A committee was formed of members of both former boards to consider the matter, and its recommendation was to reduce the National Bank's Board of Directors from 48 to 34. This recommendation was approved by the Board of Directors, which resolved that 34 directors would sit on the Board, in compliance with the Shareholders' By-laws, following the Annual General Meeting.

Our 48 directors have been one of our most precious assets. Only the circumstances and the need for improved efficiency warrant a decrease in their number. Before we begin any further proceedings, I think it important to mention the names of the 14 directors who, for reasons as diverse as they are numerous, have not been mentioned in the list given to you. Without exception, these 14 individuals have made major contributions to both banks. They have been with us for terms ranging between 2 and 31 years, and the National Bank pays tribute to their competence, integrity and devotion to duty. If it were not for our busy agenda, I would be honoured to pay personal tribute to each and every one. As it is, I will only name them in alphabetical order, together with their respective date of election to the Board.

Mr. François Adam (elected)	June 21, 1978
The Hon. Rhéal Bélisle	November 14, 1975
Mr. Wilbrod Bherer	January 12, 1960
Mr. Cecil F. Carsley	December 21, 1948
Mr. Rodolphe Casgrain	March 25, 1970
Mr. Roland Chagnon	October 31, 1961
Mr. André Charron	April 24, 1964
Mr. Louis-Philippe de Grandpré	February 10, 1978
Mr. J.-G. Hamelin	August 5, 1970
Mr. Jacques Lagassé	November 26, 1971
Mr. Roger Larose	October 24, 1969
Mrs. Marie-Thérèse Ouimet	August 24, 1977
Mr. Paul-H. Plamondon	December 13, 1966
Mr. Robert M. Schmon	September 11, 1970

Permit me, on behalf of our shareholders, to express our sincere thanks to these 14 directors for their contributions to the Bank, and offer them our best wishes.

The year before us will be a challenging one from every point of view. Federal elections in February, the Québec referendum in the spring, speculation in precious metals, the U.S.- Iran crisis, Soviet intervention in Afghanistan, inflation and the oil crisis are some of the unresolved national and international problems facing us all. No one knows where these events will lead, but one thing is certain - the task before us in the 1980s is enormous and will require the very best we have to offer.



Michel Bélanger
President and
Chief Executive Officer

The year just ended can most easily be summed up, for the National Bank of Canada, as a year unlike any other. It was ushered in by the announcement of the two-stage merger between Laurentide Financial Corporation and one of our parent banks, highlighting our expansion towards the West, and then witnessed the merger of two banks which held a prominent share of the Québec market. The year ended on a note of almost feverish activity at all administrative levels so that the National Bank of Canada could begin operating on November 1st.

This year, I feel it is more fitting for me to indicate to you the direction the new bank intends to take than comment on the Canadian economy. I shall therefore review what has been done thus far and outline what we intend to do in the future.

Improving Profitability

The National Bank of Canada is a large bank and is, in addition, one of the largest organizations with a Head Office in Montréal. But, if the combined results of both parent banks are considered, it is also a bank whose profitability in past years has not averaged that of the other large Canadian banks.

Even a superficial analysis quickly reveals several possible explanations: a market heavily concentrated in a single region, namely, Québec; fierce competition for stable deposits in this region; below average assets/employee ratio; certain weaknesses in the development of data processing systems and of management reports; a comparatively high proportion of assets with fixed return. Several of these factors, though easy to identify today were by no means as obvious in past years.

Some of the very strengths of the two banks—such as close customer relations, specialization as regards small and medium size businesses, development of personal loans, rapid growth of assets in both Canadian and foreign currencies—some of these strengths in fact concealed the underlying weaknesses, the effects of which were further emphasized in a period of rapid and continued interest rate hikes.

Even though weaknesses had been identified and corrective measures were under way, the cost of applying these measures initially had an adverse effect on profitability. Three cases in point were: expanding our market outside Québec, developing our data processing system and introducing new types of financing.

Geographic Expansion and Consolidation

In the past two years in particular, both banks sought to enlarge the geographic market served by the Bank. As a result, on January 1, 1980, the Maritimes Division in Moncton was responsible for 39 points of sale, 29 of which are branches and 10 limited service branches or sub-offices, in New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland. Seven former Laurentide branches, now integrated into the Bank network, have become limited service branches which continue to offer consumer loans, accept certain deposits, and also offer some of the Bank's services. On January 1, 1980, the Ontario and Western Division in Toronto had a total of 83 points of sale, composed of 77 branches and 6 limited service counters or sub-offices, in Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. Three former Laurentide branches are already operating as limited service counters. Between now and May 1st, at least nine and probably thirteen other Laurentide branches will be offering a number of bank services in these provinces. In Vancouver, our Western operations are being managed at the Head Office of Laurentide Financial Corporation by an administrative unit of the Bank, under the responsibility of Toronto. In Ontario, the division based in Toronto is now responsible for all branches in that province. Outside Canada, the New York agencies have been merged and the subsidiaries in the Bahamas are also being merged. A branch and a regional office are located with the French subsidiary in Paris. The exact role of this subsidiary is under study.

Relations are currently being developed between it and the Banque de l'Union Occidentale, in which we are shareholders. The London branch has been operating for a year now. Finally, the Bank is present in Hong Kong through a financial subsidiary.

Banking on Canada

We have no plans for expansion in the immediate future either abroad or in Canada outside Québec, except for the gradual conversion to full branch status of some of the points of sale retained from the Laurentide network. Nor do we envisage closing or merging any branches in these areas, unless the periodic analysis of results were to call for such a move. We now have in place the main elements of our market expansion outside Québec. Our Canada-wide presence is still very modest. But it is now a fact and we are represented by people who are truly part of the milieu in which they are working. This differs greatly from our position three years ago. Apart from some thirty long-established branches, these operations are not as yet making a significant contribution to the Bank's profitability. But the quality in terms of personnel and of portfolios is increasing.

Data Processing Development

Long-term plans for data processing development had been drawn up by both banks. Though pursued independently, both plans were based on the advice of the same consultants and, broadly speaking, both had similar objectives. It was anticipated that the full benefits of the plan established in 1976 would only be felt around 1981. Over this five-year period, some costs were expected to rise following the implementation of systems, parallel operations and the installation of new terminals. The merger increased the scale of the problems to be solved, but it has in no way changed the initial forecast and it is still only in 1981 that the full benefits of the plan will be felt. To date, the plan has been respected and is well on course. The Centre on Vitré Street will therefore be ready on time, at a total cost lower than that originally budgeted despite the changes that had to be made to its layout after the merger was announced.

No new projects are being planned as far as data processing is concerned. Instead, this year and especially next year, we intend to reap the benefits of the effort made these past three years. Once the new centre is operational, our data processing network will be able to serve those branches not yet on-line, such as our branches in the Maritimes, and thus improve the quality of service. It will provide us with more precise and rapid administrative data for making more informed decisions, and also enable us to adapt new products more quickly. Although the costs of setting up operations and leasing equipment have increased, we shall nonetheless be able to reduce the number of employees in this sector while at the same time handling higher volumes at lower processing costs per unit.

New Types of Financing

Setting up new types of financing can also temporarily set back profitability. But our leasing and factoring subsidiaries are already showing a profit. Our most recently acquired subsidiary, Laurentide Financial Corporation, continues to be profitable, despite the effects the increased cost of money has on such companies. Some of our experiments have been less conclusive. At the time of the merger, we discontinued Tele-Loan, since the volume after one year was not sufficient to warrant the advertising and operating costs entailed. At the same time, the National Bank introduced the no charge chequing account, with encouraging results so far, and the daily interest account has been available in all on-line branches since the beginning of December.

We do not intend to increase the number of our specialized subsidiaries or the kind of services offered in the next eighteen months. There is one exception however. We will separate wholesale financing, with its different margins, from our day-to-day operations, as our competitors have done, and at the same time we are setting up a department which will provide integrated services to our most important corporate customers.

Good Management

This brief review of the corrective measures we have taken these past years shows that what has been done up to now was necessary, although not everything has yet been completed. You will also have noted that in each of these areas—geographic expansion, data processing development and product expansion—we shall concentrate on improvement and on management rather than undertake new projects.

Our aim, of course, remains to serve our customers. But this can only be achieved if quality service is provided by qualified personnel, neither of which can be maintained or developed without good management. But we cannot speak of good management unless our profitability compares favourably with that of the average of the banking system.

The steps taken since setting up the merger, and more especially those taken since November 1st, are essentially aimed at improving the Bank's profitability, notably by controlling expenditure and controlling the growth in the number of employees. These steps are being carried out and have had tangible results on our earnings. These will be gradually felt but not particularly during the first or second quarters of this year.

Controlling Costs

As examples and symbols of cost control the General Meeting of Shareholders was held early in the morning this year and was not followed by a reception. You will also have noted that the Executive Vice-President and Chief General Manager used no audio-visual

aids to illustrate his report. Eliminating these costs represents a savings of about $100,000. And also, you will have noticed in the Information Circular, a proposal to decrease the total remuneration to Directors from a maximum of $700,000 to $450,000, for a reduction in real expenditure from $613,000 to approximately $400,000. These are but two indications of what we are trying to achieve in all areas.

There are, however, additional costs incurred by the merger; the cost of new branch signs, printing costs for new stationery and relocation costs for certain departments. However, it is through better control of the number of our employees that we will really be able to reduce growth in our operating expenses. In 1979, our total expenditure, other than interest cost, was $394,510,000. Salaries, pension plan contributions and other personnel costs totalled $228,818,000, accounting for nearly 60% of operating expenses.

Reduction in Personnel

With a total of 15,000 employees and a turnover rate which exceeds 15%, we would normally require 2,250 new employees a year, simply to keep pace. A reduction in the total number of personnel is therefore possible without laying off employees. This can be done by facilitating the transfer of those whose positions have become surplus as a result of restructured departments or merged branches, to positions that become vacant because of normal turnover. We will continue our policy of gradually reducing the total number of positions, without resorting to layoffs. There are however exceptions as our senior officers were informed at the time the merger was announced. We let go a certain number of senior officers or employees whose positions had become surplus, but whose professional qualifications allowed them to rapidly find work on the labour market. Depending on age, we are offering either attractive retirement benefits or severance pay in line with the market. We have not hired any staff since October; the only exceptions are clerical personnel in branches outside of large centres. Our objective is to reduce our personnel by about 5% between now and the end of October 1980, in accordance with the policy mentioned earlier.

Strengthening the Branch Network

The possible closing of branches has been the subject of confusion, particularly in our Québec network where over 80% of our points of sale are located. We intend to strengthen our network here through concentrated efforts. Certain conditions however must first be met. Branches cannot be merged, with certain exceptions, until personnel policies, accounting methods and our data processing systems are integrated. The main personnel policies have been standardized; in a few months time, accounting methods will be compatible, and our data processing system methods will for the most part be fully integrated by the end of the year at the latest.

Our six Québec divisions are still operating two parallel networks, grouping in a single territory the branches of one or other of our parent banks. The twenty or so mergers planned for this year consist of transfers from one network to the other, entailing changes in operating methods. Only branches with leases expiring this year are involved. Next year each division will have its own territory. Each will have developed a plan for integrating its network, either by merging points of sale or by regrouping under various points of sale under the management of one branch.

We have had an average yearly rate of growth of 9% in the number of employees during the past five years. A reduction and stabilization in the number of employees would therefore significantly alter the growth rate in general expenses.

This year, Senior Management will concentrate its efforts on strengthening day-to-day management, controlling expenses and making the new structures work. No sensational results can be expected in the near future. But the merger has presented us with the challenge of trying to cut our costs and becoming more efficient. We must first succeed in this, before we can consider going any further.

Last year, between the end of June and the beginning of November, we successfully met the challenge of rapidly setting up new structures. Employees and management personnel at all levels worked around the clock, analysed situations, took decisions and implemented them. The administrative machine cannot keep up this pace for ever. That it has done so, and with such success, makes us confident that in the coming months, and at a more normal rhythm, we can increase productivity and give you a stronger and more efficient bank, better able to meet the future.

Toronto

DECENTRALIZED MANAGEMENT FOR BRANCH NETWORK

Aim: Quality Service

One of the main objectives of the Bank's Management, and the principal reason behind the decentralization program established, is to provide personal, economical and efficient service to our customers, among whom are many small and medium-sized businesses. Setting up a flexible yet definite structure at the branch network level was therefore a priority to enable all necessary action to be taken.

Reflecting the new bank's presence Canada-wide, its numerous points of sale, business volume and diversification of activities, the network was divided into eight areas known as divisions.

In Québec, the points of sale of the two founding banks are currently grouped under six divisions. Once the accounting and data processing systems have been integrated, the composition of these six divisions will be reviewed but the basic structure will not change. Operating procedures will thus be standardized in these six regions, with the same quality service being available to all customers throughout Québec.

Eight Divisions

Montréal • Greater Montréal • St. Lawrence and Ottawa Valley • Western Québec • Québec City • Eastern Québec • Maritimes • Ontario and Western Provinces

Management Groups in Decentralized Network

Each of these eight geographic areas thus represents one division, responsible for the administration and control of a specific number of points of sale. Reporting to the Vice-President—Operations, who holds extensive power, are four quite separate management groups: operations, credit, human resources management and administration.

Vancouver

Québec City

Moncton, New Brunswick

The staff of the divisions handle a great many files themselves. In this way, they assume responsibility for matters within their division, with the result that decisions can be taken more rapidly. It is the customer who most benefits from such decentralization.

While respecting the bank's orientation and in no way sacrificing its unified approach, decentralization encourages the development of local initiative and ability which form the core of excellent service.

Productive Cooperation

There is now a gradual but constant exchange of information between the branches, the divisions and the Bank's Management. Such a concerted effort provides more accurate, in-depth information on all the regions, enabling better-informed and faster decisions to be taken.

This pooling of knowledge and information is already evident between the divisions themselves. Although local characteristics may vary greatly, broad experience at the divisional level can nevertheless be a highly valuable asset. Our key objective is thus to foster and maintain such joint cooperation since this is what prompts innovative action and effective follow-through.

Economic Development

The development of new procedures and techniques, and improved organization of work have prompted the Bank to take a more active role to better prepare management for their responsibilities and help the staff to perfect their knowledge and experience. Specialized personnel are thus on hand to assist customers served by these eight divisions. They are able to recommend appropriate solutions to customers' problems and give advice wherever necessary, as well as suggest and promote the service products offered by the Bank under the best possible market conditions.

By respecting local differences through these eight divisions, the National Bank intends to assume an active and integral role as agent of economic development throughout the area it serves.

Montréal

Jacques Douville
Executive Vice-President and Chief General Manager

Since the first financial year of the National Bank of Canada began only on November 1, 1979, it is the financial results of Bank Canadian National and The Provincial Bank of Canada, as well as the opening financial statement of the National Bank of Canada that I shall present to you here today.

The financial results of both banks attest to a rather difficult year, as you will have realized from reading the interim and annual statements. Nevertheless, I wish to stress that the past year was not without its share of development in the form of two important mergers which are sure to have an impact on current financial results.

The assets of the BCN and the Provincial Bank rose by 19.9% and 23.8% respectively, together totalling more than $15 billion as at October 31, 1979. One point of special interest is that the combined annual rate of increase in the assets of both banks was 19% over the past five years.

Net Results

However, the balance of revenue declined at both banks. The BCN registered a decrease of 50% and the Provincial Bank 4.6% over the preceding year. Taking into consideration the shares issued in 1978, earnings per share were $1.35 at the BCN as against $3.08 a year earlier, and $1.97 at the Provincial Bank compared with $2.28 as at October 31, 1978.

Profit on operations in Canada was affected by low profit margins and high operating costs, particularly with respect to losses on loans. These in fact reached almost $33 million at the BCN and $14 million at the Provincial Bank.

What most contributed to reduce the profitability of both banks was the proportion of high-interest deposits to total funds, combined this year with rising interest rates. The BCN was more severely affected because a large proportion of its loan portfolio was governed by rates that did not fluctuate with the prime rate. This was especially the case with mortgage loans. However, I should add that a large part of this portfolio will mature in 1980, at which time the situation will be rectified.

Our non-taxable revenue from securities such as income debentures and shares in Canadian companies, as well as some revenue earned abroad, enabled the BCN to recover around $11 million in taxes and the Provincial Bank, around $4 million. These amounts have been added to the operating revenue.

Capital Base

National Bank capital, composed of shareholder equity, debentures and appropriations for losses of both banks, amounts to $566 million. The deposit/capital ratio stands at 25 compared with 21 at the end of the previous year. Our capital will be increased by around $45 million when the merger with the Laurentide Financial Corporation is finalized, some time after the new Bank Act has been adopted.

Loans and Deposits

Deposits increased at the BCN by 19.7% compared with 12.8% the previous year and savings deposits made by individuals rose by 15.8% as opposed to 9% a year ago. Total deposits at the Provincial Bank grew by 24.6% during the year as against 16.3% the previous year and savings deposits by individuals increased by 17.7% compared with 6.7% last year.

Loans in Canadian dollars of both banks rose to $8, 760, 308, 000, signifying an increase of 11.6% at the BCN and 25.3% at the Provincial Bank. These loans represent 56.6% of the total assets of the two banks and are composed, in large part, of commercial and industrial loans.

Corporate Services

In past years, we have assisted a growing number of companies by making available to them new types of credit such as term loans. These loans, which have an average term of 8 years, can be used to purchase equipment, finance installations, increase working capital or perhaps refinance existing debts. Competition in this area, of course, is becoming more intense, but we intend to continue offering innovative and advantageous programs to both companies and individuals.

Factoring and Leasing

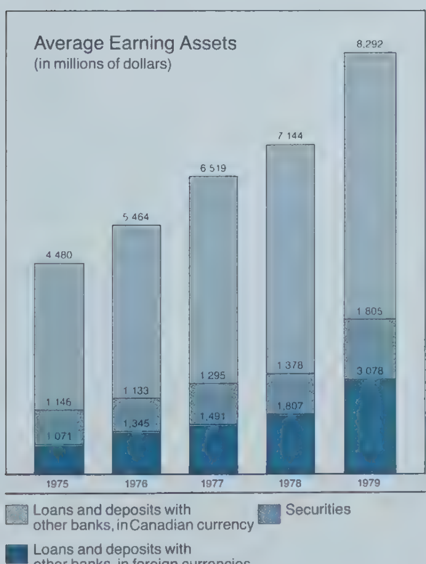
From among the range of services we provide Canadian companies, I would like to mention leasing and factoring. The National Bank offers a leasing service to commercial firms in Québec and the other provinces through one of its subsidiaries, Procan Financial Services Ltd. This type of financing has many advantages including, for instance, fiscal advantages. The lessee can deduct the rental amount from his taxable income without in any way affecting his lines of credit and working capital. Then there is the great flexibility of the leasing contract and the at times invaluable protection it affords against obsolete technology. This type of financing, which enables goods to be used without necessarily being purchased, is now definitely on the increase.

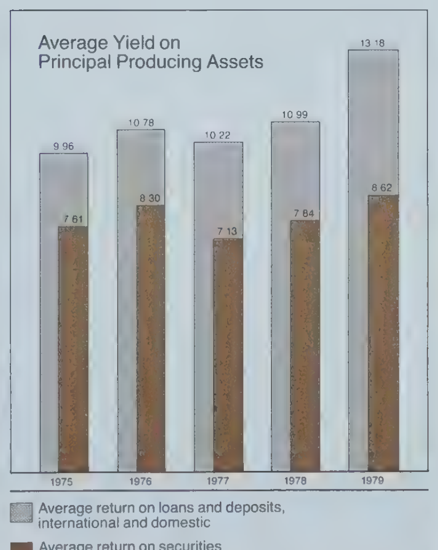
Factoring is administered by Mirabel Factors Corporation Ltd., which specializes in the purchase and collection of debts. This very dynamic company is currently serving a large clientele, both at home and abroad.

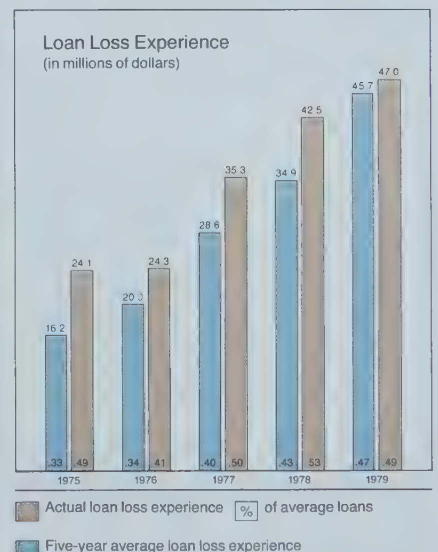
Consumer Services

The increased volume in personal and consumer loans was, in particular, the result of a vigorous automotive market during the financial year. In this area, we have every reason to be satisfied with the quality of the combined portfolios of the two banks. The National Bank, with its strong network, intends to concentrate on developing this type of loan, which ensures a wide distribution of risks and is at the same time an important factor in economic growth. Total consumer loans have in part been increased by the Chargex and Master Charge credit cards, since they are widely used by consumers not only as a means of payment, but as an additional source of credit.

Financial assistance offered by the National Bank of course includes mortgage loans. Our services made property available to many individuals over the past year. A sharp drop in housing starts meant that most of these loans were granted for the purchasing of existing housing. BCN mortgage loans decreased by 3.6% while showing a 36.2% increase at the Provincial Bank if we include the







activities of Procan Mortgage Corporation, a wholly-owned subsidiary. National Bank interest rates are highly competitive and our intention is to maintain an aggressive stance on the mortgage market.

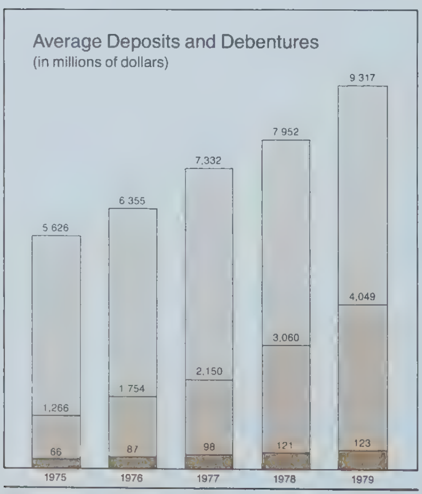
Rationalization of Branch Network

Both the BCN and the Provincial Bank concentrated during the year on making all services more accessible. Both banks actively pursued the rationalization of their networks in Canada, but developments were slowed down to some extent by the announcement of the proposed merger, since a careful in-depth study has to be done of the entire combined network, taking into account the experience of both banks in this field. Planning for our network must focus on expanding our business and contributing to the country's economy. At financial year-end, the combined networks of both banks numbered 757 branches with 654 in Québec, 63 in Ontario, 26 in New Brunswick, 7 in Manitoba, 3 in British Columbia, 2 in Prince Edward Island and 2 in Alberta, not to mention some 111 other agencies and limited service branches.

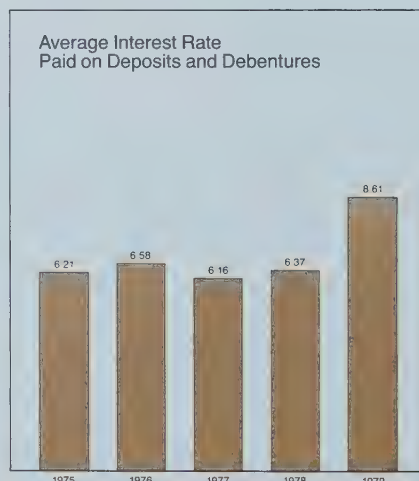
Export Assistance

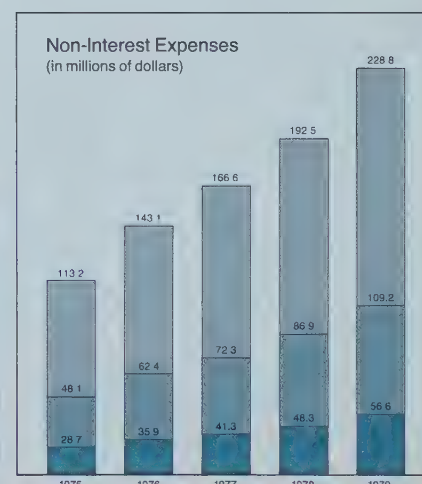
Financial and commercial operations around the world offer many attractive opportunities. Foreign currency assets amounted to $2,322,513,000 for the BCN and $1,418,613,000 for the Provincial Bank, representing an increase of 34% and 32% respectively over the previous year. The rapid growth of these assets stems from the participation by both banks in the Eurodollar market. Since last year, competition has become much more fierce in this market owing to new participants. Profit margins have tended to decrease while loan terms have become longer. The significant broadening of our financial structure as a result of the merger, as well as our presence in London and Hong Kong in particular, will greatly help us to face our competition, increase our participation in these markets, and provide assistance to our Canadian customers in their commercial and industrial activities around the world.

In 1979, the contribution of the international division of each bank to the after-tax balance of revenue was substantial, both in terms of net income on loans and investments, and of profits on exchange operations. In addition, international business transacted on behalf of the branches and their customers has gained increasing importance. For several years now, the branches have been playing their part by familiarizing themselves with the services offered at the international level, thus giving both banks a significant increase in the volume of business transacted with Canadian customers.



Deposits in Canadian currency
Debentures
Deposits in foreign currencies





Employee expenses
Property expenses
Other operating expenses including provision for losses on loans based on five-year average loan loss experience

Human Resources

The rapport between a bank and its customers is exacting and complex. To succeed, we must intelligently exploit the strengths of our network, take full advantage of our plan for the automation of operations and of course rely on our human resources. We are very much aware that human capital is most resourceful when its abilities to adapt, innovate and act are brought into play. Consequently, we intend to continue being responsive to the needs and aspirations of our personnel at this time when change and adaptation will require additional effort on their part.

Since competence is the main principle on which our hiring and promotion policy is based, we have a responsibility to update our training programs and make them more accessible to everyone. Both banks have always attached special importance to these activities, either through their internal training departments or through the Institute of Canadian Bankers or other outside organizations.

In closing, I would like to offer my sincere thanks to the personnel of the National Bank for their cooperation during the merger, and encourage them to continue working together to build a strong and prosperous National Bank.

Financial Statements

Statement of revenue, expenses and undivided profits

for the financial year ended October 31

	Bank Canadian National 1979	Bank Canadian National 1978	The Provincial Bank of Canada 1979	The Provincial Bank of Canada 1978	National Bank of Canada 1979
Revenue					
Income from loans	$801,144,791	$574,164,826	$534,180,280	$362,370,826	$1,331,255,071
Income from securities	97,379,574	69,618,796	58,133,050	38,436,543	155,512,624
Other operating revenue	49,160,446	40,591,952	38,259,607	30,463,362	87,420,053
Total revenue	947,684,811	684,375,574	630,572,937	431,270,731	1,574,187,748
Expenses					
Interest on deposits and debentures	706,140,662	436,058,619	459,779,882	272,777,689	1,161,850,544
Salaries, pension contributions and other staff benefits	137,675,454	117,551,846	91,142,348	75,072,238	228,817,802
Property expenses, including depreciation	32,393,208	27,538 557	24,162,285	20,762,065	56,555,493
Other operating expenses, including a provision for losses on loans based on five-year average loss experience*	67,397,758	54,360,556	41,738,643	32,481,376	109,136,401
Total expenses	943,607,082	635,509,578	616,823,158	401,093,368	1,556,360,240
Balance of revenue	4,077,729	48,865,996	13,749,779	30,177,363	17,827,508
Provision for income taxes—note 2	(10,770,000)	19,166,000	(4,232,000)	11,325,000	(15,002,000)
Balance of revenue after provision for income taxes	14,847,729	29,699,996	17,981,779	18,852,363	32,829,508
Appropriation for losses	5,144,020	8,671,642	2,500,000	4,500,000	7,644,020
Balance of profits	9,703,709	21,028,354	15,481,779	14,352,363	25,185,488
Dividends	13,190,229	11,015,443	10,200,835	8,850,038	23,391,064
Amount carried forward	(3,486,520)	10,012,911	5,280,944	5,502,325	1,794,424
Undivided profits at beginning	550,159	537,248	140,589	138,264	690,748
Transfer from accumulated appropriations for losses	8,000,000	—	—	—	8,000,000
Total	5,063,639	10,550,159	5,421,533	5,640,589	10,485,172
Transferred to rest account	5,000,000	10,000,000	5,317,260	5,500,000	10,317,260
Undivided profits at end	$ 63,639	$ 550,159	$ 104,273	$ 140,589	$ 167,912
*Provision for losses on loans	$ 30,735,243	$ 23,863,476	$ 14,982,044	$ 11,070,000	$ 45,717,287

The notes to financial statements are an integral part of the financial statements

Statement of accumulated appropriations for losses
for the financial year ended October 31

	Bank Canadian National 1979	Bank Canadian National 1978	The Provincial Bank of Canada 1979	The Provincial Bank of Canada 1978	National Bank of Canada 1979
Accumulated appropriations at beginning					
General appropriations	**$ 56,227,664**	$ 51,305,711	**$ 32,508,507**	$ 29,202,368	**$ 88,736,171**
Tax-paid appropriations	**17,122,525**	10,835,989	**5,743,439**	3,462,030	**22,865,964**
Total	**73,350,189**	62,141,700	**38,251,946**	32,664,398	**111,602,135**
Changes during the year					
Appropriation from current year's operations	**5,144,020**	8,671,642	**2,500,000**	4,500,000	**7,644,020**
Loss experience on loans less provision included in other operating expenses	**(2,145,103)**	(2,064,722)	**813,423**	(5 567 739)	**(1,331,680)**
Profits and losses on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market	**(5,931,732)**	(1,099,690)	**(1,423,689)**	2,484,022	**(7,355,421)**
Other profits, losses and non-recurring items, net	**(262,908)**	1,637,145	**232,350**	(228,735)	**(30,558)**
Provision for income taxes, related to appropriation from current year's operations—note 2	**4,114,095**	4,064,114	**2,150,000**	4,400,000	**6,264,095**
Transferred to undivided profits	**(8,000,000)**	—	—	—	**(8,000,000)**
Accumulated appropriations at end					
General appropriations	**55,659,479**	56,227,664	**32,013,667**	32,508,507	**87,673,146**
Tax-paid appropriations	**10,609,082**	17,122,525	**10,510,363**	5,743,439	**21,119,445**
Total	**66,268,561**	73,350,189	**42,524,030**	38,251,946	**108,792,591**

Statement of rest account for the financial year ended October 31

	Bank Canadian National 1979	Bank Canadian National 1978	The Provincial Bank of Canada 1979	The Provincial Bank of Canada 1978	National Bank of Canada 1979
Balance at beginning	**171,310,316**	136,203,950	**112,542,092**	92,000,000	**283,852,408**
Premium received on capital stock subscriptions—note 4	**519,684**	25,106,366	**140,648**	15,042,092	**660,332**
Transferred from undivided profits	**5,000,000**	10,000,000	**5,317,260**	5,500,000	**10,317,260**
Balance at end	**$176,830,000**	$171,310,316	**$118,000,000**	$112,542,092	**$294,830,000**

The notes to financial statements are an integral part of the financial statements

Statement of assets and liabilities
as at October 31

	Bank Canadian National 1979	Bank Canadian National 1978	The Provincial Bank of Canada 1979	The Provincial Bank of Canada 1978	National Bank of Canada 1979
Assets					
Cash and due from banks	**$1,401,848,336**	$1,209,603,232	**$ 934,265,265**	$ 693,691,138	**$ 2,204,775,764**
Cheques and other items in transit, net	**64,509,175**	69,922,236	**63,151,718**	117,699,413	**127,660,893**
	1,466,357,511	1,279,525,468	**997,416,983**	811,390,551	**2,332,436,657**
Securities issued or guaranteed by Canada, at amortized value	**517,481,476**	580,479,515	**386,482,488**	338,723,575	**903,963,964**
Securities issued or guaranteed by provinces, at amortized value	**65,110,402**	67,815,975	**16,868,398**	15,625,050	**81,978,800**
Other securities, not exceeding market value	**745,170,852**	296,133,198	**199,695,904**	276,899,361	**944,866,756**
	1,327,762,730	944,428,688	**603,046,790**	631,247,986	**1,930,809,520**
Day, call and short loans to investment dealers and brokers, secured	**122,845,563**	114,427,880	**10,838,683**	17,060,846	**133,684,246**
Other loans, including mortgages, less provision for losses	**6,085,341,136**	5,273,209,281	**4,283,452,571**	3,354,190,314	**10,368,793,707**
	6,208,186,699	5,387,637,161	**4,294,291,254**	3,371,251,160	**10,502,477,953**
Bank premises at cost, less accumulated depreciation	**48,896,193**	47,586,663	**45,185,470**	28,479,528	**94,081,663**
Securities of and loans to corporations controlled by the Bank	**3,693,500**	2,732,500	**73,510,189**	17,590,025	**77,203,689**
Customers' liability under acceptances, guarantees and letters of credit, as per contra	**343,147,480**	201,444,264	**149,759,364**	115,121,882	**492,906,844**
Other assets	**38,257,213**	9,073,564	**7,185,024**	8,378,549	**45,442,237**
	$9,436,301,326	$7,872,428,308	**$6,170,395,074**	$4,983,459,681	**$15,475,358,563**

Germain Perreault, Chairman of the Board and Chairman of the Executive Committee
Michel Bélanger, President and Chief Executive Officer

Jacques Douville, Executive Vice-President and Chief General Manager
Jean Machabée, Senior Vice-President and General Manager

	Bank Canadian National		The Provincial Bank of Canada		National Bank of Canada
	1979	1978	1979	1978	1979
Liabilities					
Deposits by Canada	$ 124,835,417	$ 227,427,543	$ 76,936,865	$ 142,438,200	$ 201,772,282
Deposits by provinces	30,102,203	10,377,746	117,123,146	131,314,038	147,225,349
Deposits by banks	2,262,283,263	1,400,491,412	1,281,329,706	820,411,237	3,412,275,132
Personal savings deposits payable after notice, in Canada, in Canadian currency	2,888,758,584	2,495,452,064	1,810,215,642	1,538,372,138	4,698,974,226
Other deposits	3,442,200,940	3,169,967,950	2,493,497,892	2,004,094,462	5,935,698,832
	8,748,180,407	7,303,716,715	5,779,103,251	4,636,630,075	14,395,945,821
Acceptances, guarantees and letters of credit	343,147,480	201,444,264	149,759,364	115,121,882	492,906,844
Other liabilities	7,863,239	29,143,487	12,684,864	12,581,935	20,548,103
Accumulated appropriations for losses	66,268,561	73,350,189	42,524,030	38,251,946	108,792,591
Debentures issued and outstanding—note 3	71,948,000	70,998,000	50,000,000	50,000,000	121,948,000
Capital-stock: Authorized*					
Issued and fully paid—note 4	22,000,000	21,915,178	18,219,292	18,191,162	40,219,292
Rest account	176,830,000	171,310,316	118,000,000	112,542,092	294,830,000
Undivided profits	63,639	550,159	104,273	140,589	167,912
	$9,436,301,326	$7,872,428,308	$6,170,395,074	$4,983,459,681	$15,475,358,563

*Bank Canadian National: 12,500,000 shares of $2.00 each
The Provincial Bank of Canada: 20,000,000 shares of $2.00 each
National Bank of Canada: 42,500,000 shares of $2.00 each

The notes to financial statements are an integral part of the financial statements

Auditors' Reports to the Shareholders

BANK CANADIAN NATIONAL

We have examined the statement of assets and liabilities of the Bank Canadian National as at October 31, 1979 and the statements of revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Bank as at October 31, 1979, and its revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the year then ended in accordance with the requirement of the Bank Act on a basis consistent with that of the preceding year.

Paul Noiseux, C.A., of Maheu, Noiseux, Roy & Associés

Pierre Lesage, C.A., of Samson, Bélair & Associés

Montreal, November 27, 1979

THE PROVINCIAL BANK OF CANADA

We have examined the statement of assets and liabilities of The Provincial Bank of Canada as at October 31, 1979 and the statements of revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Bank as at October 31, 1979 and its revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the year then ended, in accordance with the requirement of the Bank Act on a basis consistent with that of the preceding year.

Guy Chabot, C.A., of Raymond, Chabot, Martin, Paré & Associés

Guy Amideneau, C.A., of Maheu, Noiseux, Roy & Associés

Montreal, November 27, 1979

NATIONAL BANK OF CANADA

We have examined the initial statement of assets and liabilities of National Bank of Canada as at November 1, 1979. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, this initial statement of assets and liabilities presents fairly the financial position of the Bank as at November 1, 1979, in accordance with the requirement of the Bank Act.

Paul Noiseux, C.A., of Maheu, Noiseux, Roy & Associés

Pierre Lesage, C.A., of Samson, Bélair & Associés

Guy Chabot, C.A., of Raymond, Chabot, Martin, Paré & Associés

Guy Amideneau, C.A., of Maheu, Noiseux, Roy & Associés

Montreal, November 27, 1979

1. Summary of Accounting policies

The presentation of the financial statements and the significant accounting policies are stipulated by the Bank Act and supporting regulations.

a) Consolidation

The financial statements include the assets and liabilities and the results of operations of Banque Canadienne Nationale (Europe) S.A., of Banque Canadienne Nationale (Bahamas) Limited and Banque Canadienne Nationale (Asia) Limited, the Bank's wholly-owned subsidiaries.

The investments in the following wholly-owned subsidiaries are carried at cost:

La Compagnie Immobilière BCN Ltée
Services Financiers BCN Ltée

b) Securities

Securities issued or guaranteed by Canada and the provinces are recorded at their amortized cost. Other securities held for investment are carried at the lower of cost or market value. Profits and losses on disposals and write-downs to market value of securities are included in the statement of accumulated appropriations for losses.

c) Fixed assets

Fixed assets are stated at original cost and depreciated according to their estimated useful lives. The diminishing balance method is used for buildings and equipment and the straight-line method, for leasehold improvements.

d) Losses on loans

The charge to other operating expenses in respect of provision for losses on loans is based on a five-year averaging formula. The difference between this provision and the annual losses is carried on the statement of accumulated appropriations for losses.

e) Conversion of foreign currency

Amounts in foreign currencies included in the statement of assets and liabilities are converted into Canadian dollars at year-end rates. Revenue and expenses in foreign currencies are converted at an average rate. Profits and losses on foreign currency positions held in the trading account are carried in other operating revenue.

2. Provision for income taxes

The net provision for income taxes is determined as follows:

	1979	1978
From the statement of revenue, expenses and undivided profits	**$(10,770,000)**	$19,166,000
From the statement of accumulated appropriations for losses	**(4,114,095)**	(4,064,114)
Net provision for income taxes	**$(14,884,095)**	$15,101,886

3. Debentures issued and outstanding

The debentures, subordinated in right of payment to the claims of depositors and certain other creditors, consist of:

	1979	1978
9¼% maturing in 1982, redeemable on or after April 15, 1981, if the issuer so elects	**$ 15,000,000**	$15,000,000
7½% maturing in 1987 (holders of debentures aggregating $24,020,000 have exercised their option to redeem during the year)	**980,000**	25,000,000
7½% sinking fund, maturing in 1992	**968,000**	998,000
8¾% maturing in 1983 with the holder's option to extend the maturing date to 1992 at 9%	**30,000,000**	30,000,000
10.35% maturing in 1984	**8,600,000**	—
10.40% maturing in 1986	**16,400,000**	—
	$ 71,948,000	$70,998,000

4. Capital Stock

During the year, all outstanding instalments for the shares subscribed in 1978 were received, resulting in the addition of $84,822 to paid-up capital and $519,684 to rest account.

5. Subsequent events

During the year, the board of directors of the Bank agreed to an amalgamation with The Provincial Bank of Canada. The amalgamation has been accepted by shareholders of both parties and has been approved by Governor in Council on October 25, 1979. National Bank of Canada, the Bank resulting from the amalgamation, has fixed November 1, 1979 to start its operations.

1. **Summary of significant accounting policies**
The presentation of the financial statements and the accounting policies are stipulated by the Bank Act and supporting regulations.

a) **Consolidation**
The financial statements include the assets and liabilities and the results of operations of Provincial Bank of Canada (International) Limited, the Bank's wholly-owned subsidiary in the Bahamas.
The securities of the following corporations controlled by the Bank, are recorded at cost:
Pro-Can Realties Limited
Procan Mortgage Corporation
Mirabel Factors Corporation Ltd.
Procan Financial Services Ltd.
Laurentide Financial Corporation Ltd.

b) **Securities**
Securities issued or guaranteed by Canada and the provinces are recorded at amortized cost. Other securities held for investment are recorded at the lower of cost and market values. Gains and losses on disposals and write-downs to market securities are included in the Statement of Accumulated Appropriations for Losses.

c) **Bank premises**
Bank premises are stated at cost and depreciated according to their estimated useful lives. The diminishing balance method is used for buildings and equipment and the straight-line method for leasehold improvements.

d) **Losses on loans**
The charge to other operating expenses in respect of provision for losses on loans is based on a five-year averaging formula. The difference between this provision and the annual losses is shown on the Statement of Accumulated Appropriations for Losses.

e) **Translation of foreign currencies**
Amounts in foreign currencies included in the Statement of Assets and Liabilities are translated at year-end rates. Revenue and expenses in foreign currencies are translated at the average rate. The gains and losses on foreign currency positions held in the trading account are included in other operating revenue.

2. **Income taxes**
Income taxes are determined as follows:

	1979	1978
From the Statement of Revenue, Expenses and Undivided Profits	**$ (4,232,000)**	$11,325,000
From the Statement of Accumulated Appropriations for Losses	**(2,150,000)**	(4,400,000)
Net provision (recuperation) for income taxes	**$ (6,382,000)**	$ 6,925,000

3. **Debentures issued and outstanding**
The debentures are subordinated in right of payment to the claims of depositors and certain other creditors.

	1979	1978
8½% including fund debentures, maturing in 1981 with the holder's option to extend the maturity date to 1990 at the rate of 8¾%	**$10,000,000**	$10,000,000
9½% debentures maturing in 1982	**10,000,000**	10,000,000
9¼% sinking fund debentures, maturing in 1983 with the holder's option to extend the maturity date to 1992	**20,000,000**	20,000,000
9¾% maturing in 1988, with the holder's option to extend the maturity date to 1998, at the rate of 10%	**10,000,000**	10,000,000
	$50,000,000	$50,000,000

4. **Capital stock**
The balance of $168,778 receivable for the partly-paid shares issued in 1978 was received. Consequently, the capital stock was increased by $28,130 and the rest account by $140,648.

5. **Subsequent events**
During the fiscal year, the Board of Directors of the Bank agreed to an amalgamation with Bank Canadian National. The amalgamation contract was approved by the shareholders of both parties and by the Governor in Council on October 25, 1979. National Bank of Canada, formed by the amalgamation of The Provincial Bank of Canada and Bank Canadian National, has fixed November 1, 1979, as the start of its operations.

Notes to financial statement November 1, 1979
National Bank of Canada

1. Summary of significant accounting policies
The presentation of the financial statements and the accounting policies are stipulated by the Bank Act and supporting regulations. The National Bank of Canada is the result of the amalgamation of The Provincial Bank of Canada and Bank Canadian National.

a) Consolidation
The financial statement of the National Bank of Canada include the assets and liabilities of The Provincial Bank of Canada, Bank Canadian National and of their wholly-owned subsidiaries: Provincial Bank of Canada (International) Limited, Bahamas, Banque Canadienne Nationale (Europe) S.A., Banque Canadienne Nationale (Bahamas) Limited and Banque Canadienne Nationale (Asia) Limited.
The securities of the following corporations controlled by the Bank, are recorded at cost:

Compagnie Immobilière BCN Ltée
Services Financiers BCN Ltée
Pro-Can Realties Limited
Procan Mortgage Corporation
Mirabel Factors Corporation Ltd.
Procan Financial Services Ltd.
Laurentide Financial Corporation Ltd.

b) Securities
Securities issued or guaranteed by Canada and the provinces are recorded at amortized cost. Other securities held for investment are recorded at the lower of cost and market values.

c) Bank premises
Bank premises are stated at cost and depreciated according to their estimated useful lives. The diminishing balance method is used for buildings and equipment and the straight-line method for leasehold improvements.

d) Translation of foreign currencies
Amounts in foreign currencies included in the initial Statement of Assets and Liabilities are translated at the rate prevailing on October 31, 1979.

2. Debentures issued and outstanding
The debentures are subordinated in right of payment to the claims of depositors and certain other creditors.

8½% including fund debentures, maturing in 1981 with the holder's option to extend the maturity date to 1990 at the rate of 8¾%	$ 10,000,000
9¼% maturing in 1982 redeemable at holder's option from April 15, 1981	15,000,000
9½% maturing in 1982	10,000,000
8¾% maturing in 1983, with holder's option to extend the maturity date to 1992 at the rate of 9%	30,000,000
9¼% sinking fund debentures, maturing in 1983 with the holder's option to extend the maturity date to 1992	20,000,000
10.35% maturing in 1984	8,600,000
10.40% maturing in 1986	16,400,000
7½% maturing in 1987	980,000
9¾% maturing in 1988, with the holder's option to extend the maturity date to 1998 at the rate of 10%	10,000,000
7½% sinking fund debentures, maturing in 1992	968,000
	$121,948,000

Compagnie Immobilière BCN Ltée

Statement of Assets and Liabilities as at October 31, 1979

Assets	
Cash in bank	$ 1,242
Income taxes and interest to be recovered	7,918
Real estate and rights in an emphlytentic lease, less depreciation	3,141,884
	$3,151,044
Liabilities	
Loan from Banque Canadienne Nationale	$ 693,000
Shareholders' Equity	
Capital stock: Authorized— Unlimited number of common shares without par value	
Issued and fully paid— 20,000 common shares	2,000,000
Undivided profit	458,044
	$3,151,044

Note: Bank Canadian National owns the entire capital stock of Compagnie Immobilière BCN Ltée, with the exception of the directors' qualifying shares. This investment is carried on the books of the Bank at $1,999,500.

BCN Financial Services Ltd.

Statement of Assets and Liabilities as at October 31, 1979

Assets	
Net investment in leases	$ 768,051
Cash	140,029
Accounts receivable and deposit	15,383
Equipment at cost less accumulated depreciation	18,722
Deferred charges, at amortized value	16,000
	$ 958,185
Liabilities	
Accounts payable	$ 11,369
Shareholders' Equity	
Capital stock: Authorized— Unlimited number of common shares without par value	
Issued and fully paid— 1,100 common shares	1,001,000
Deficit	(54,184)
	$ 958,185

Note: Bank Canadian National owns the entire capital stock of BCN Financial Services Ltd. This investment is carried on the books of the Bank at $1,001,000.

Pro-Can Realties Limited
(Incorporated under the laws of Quebec)

Statement of Assets and Liabilities as at October 31, 1979

Assets	
Property Investments	
Cost	$7,695,009
Accumulated depreciation	3,110,509
	4,584,500
Current Assets	
Rent receivables	302,747
	$4,887,247
Liabilities	
Long Term Debt	
First mortgage sinking fund bonds—Series "B"—5½; redeemable by annual instalments of $100,000 maturing November 1, 1986	$2,600,000
Current Liabilities	
The Provincial Bank of Canada	1,106,838
Accrued charges	59,726
	$1,166,564
Shareholders' Equity	
Capital stock authorized, issued and fully paid:	
10,000 4½%, non cumulative preferred shares, non participating, redeemable at the par value of $100 each	1,000,000
1,000 common shares of a par value of $100 each	100,000
	1,100,000
Retained earnings	20,683
	1,120,683
	$4,887,247

Note: The Provincial Bank of Canada owns the entire capital stock of Pro-Can Realties Limited with the exception of the directors' qualifying shares. It is carried on the books of the Bank at $1,099,400.

Procan Mortgage Corporation
(Incorporated under the Loans Companies Act of Canada)

Statement of Assets and Liabilities as at December 31, 1978

Assets	
Mortgage loans	$161,763,404
Commercial papers and Treasury bills, at amortized value	13,249,501
Cash	2,171,089
Interest receivable	1,432,140
Due from Parent Company	423,300
Deferred expenses	584,683
	$179,624,117
Liabilities	
Investment certificates	$145,230,500
Notes payable	19,960,821
Accrued interest	3,737,722
Commissions payable and accrued charges	95,243
Income taxes payable	798,066
Deferred income taxes	419,713
	170,242,065
Shareholders' Equity	
Capital Stock:	
Authorized—	
300,000 6.5% non cumulative preferred shares, redeemable at the par value of $100 each	
100,000 common shares of a par value of $100 each	
Issued and paid— 80,000 common shares	8,000,000
Contributed surplus—premium on issues of common shares	1,200,000
Retained earnings	182,052
	9,382,052
	$179,624,117

Note: The Provincial Bank of Canada owns the entire capital stock of Procan Mortgage Corporation with the exception of the directors' qualifying shares. It is carried on the books of the Bank at $9,200,000.

Mirabel Factors Corporation Ltd.

(Incorporated under the laws of the Dominion of Canada)

Statement of Assets and Liabilities as at August 31, 1979

Assets	
Receivables	
Factored accounts	$7,770,076
Secured loans	924,742
Leases—Net of unearned income of $25,953	130,992
	8,825,810
Less: allowance for losses	460,000
Net Receivables	8,365,810
Automobiles and Equipment, at cost less accumulated depreciation of $66, 873	61,484
	$8,427,294
Liabilities	
Bank Indebtedness	$4,236,031
Balances Owing on Factored and Serviced Clients	3,129,881
Accounts Payable and Accrued Charges	55,406
Income Taxes payable	110,897
	$7,532,215
Shareholders' Equity Capital Stock: Authorized— 150,000 6% non cumulative preferred shares, redeemable at par value of $5 each 50,000 common shares at par value of $10 each Issued and fully paid—	
45,000 preferred shares	225,000
2,500 common shares	25,000
	250,000
Retained earnings	645,079
	895,079
	$8,427,294

Note: The Provincial Bank of Canada owns the entire capital stock of Mirabel Factors Corporation Ltd. with the exception of the directors' qualifying shares. It is carried on the books of the Bank at $905,286.

Procan Financial Services Ltd.

(Incorporated under the Canada Business Corporations Act)

Statement of Assets and Liabilities as at August 31, 1979

Assets	
Net investment in leases	$17,387,761
Term loans	9,299,676
	26,687,437
Provision for possible losses	262,543
Net investment	26,424,894
Cash	227,724
Accrued interest and treasury bills	131,148
	$26,783,766
Liabilities	
Bank loan	$ 3,495,000
Accrued charges and clients' deposit	212,391
Deferred income taxes	342,456
	4,049,847
Shareholders' Equity Capital stock: Authorized— Unlimited number of preferred shares without par value, 6.5% non cumulative, redeemable at paid-up capital Unlimited number of common shares without par value Issued and fully paid—	
175,000 preferred shares issued for cash during the year	17,500,000
50,000 common shares	5,000,000
	22,500,000
Retained earnings	233,919
	22,733,919
	$26,783,766

Note: The Provincial Bank of Canada owns the entire capital stock of Procan Financial Services Ltd. with the exception of the directors' qualifying shares. This investment is carried on the books of the Bank at $22,500,000.

Laurentide Financial Corporation Ltd.
(Incorporated under the Canada Business Corporation Act)

Consolidated Statement of Assets and Liabilities as at October 31, 1979

Assets		
Cash and short-term deposits		$ 2,894,629
Commercial paper, at cost		1,796,740
Financial receivables		
Consumer loans	$133,423,150	
Consumer sales contracts	17,326,690	
Residential mortgages	44,316,967	
Industrial	112,231,662	
Leases	64,636,955	
Commercial real estate mortgages	82,873,924	
Wholesale and other	2,519,723	
Total finance receivables	457,329,071	
Less: unearned finance income	57,671,052	
allowance for credit losses	9,170,197	390,487,822
Accounts receivable		1,111,771
Repossessions and property held for sale, at lower of cost or estimated realizable value		2,784,710
Prepaid interest and other expenses		1,416,178
Shares of and advances to affiliates, at equity value		951,651
Investments, at cost (market value $920,000)		1,000,000
Premises and equipment, at cost less accumulated depreciation of $2,332,576		1,522,138
		$403,965,639

Liabilities		
Short-term notes		
Commercial paper	$105,612,545	
Bank	9,000,000	
Other	5,589,592	
		120,202,137
Accounts payable and accrued liabilities		8,903,786
Income taxes		7,285,594
Dealers' balances		640,046
Secured long-term notes		159,826,425
Debentures		37,682,998
Minority interest		1,022,471
		335,563,457
Shareholders' Equity		
Capital stock:		
Authorized—		
Unlimited number of preferred and common shares, without par value		
Issued and fully paid—		
New preferred	$ 23,989,132	
Common	25,000,000	
	48,989,132	
Contributed surplus	18,504,086	
Retained earnings	908,964	68,402,182
		$403,965,639

Note: The Provincial Bank of Canada owns all the common shares of Laurentide Financial Corporation Ltd. with the exception of the directors' qualifying shares. It is carried on the books of the Bank at $25,000,000.

Auditors' Report to the Shareholders of Bank Canadian National

We have examined the statements of assets and liabilities of the corporations controlled by the Bank Canadian National at the dates indicated. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these statements present fairly the financial position of the companies as at October 31, 1979.

Paul Noiseux, C.A. of Maheu, Noiseux, Roy & Associés

Pierre Lesage, C.A. of Samson, Bélair & Associés

Auditors' Report to the Shareholders of The Provincial Bank of Canada

We have examined the statements of assets and liabilities of the corporations controlled by The Provincial Bank of Canada as at the dates indicated. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the enclosed statements of assets and liabilities of these corporations present fairly their financial positions as at the dates indicated in accordance with generally accepted accounting principles on a basis consistent with that of the preceding year.

Guy Chabot, C.A., of Raymond, Chabot, Martin, Paré & Associés

Guy Amideneau, C.A., of Maheu, Noiseux, Roy & Associés

Ten-year Statistical Review

Ten-year statistical review

Thousands of dollars

Assets and liabilities	1979	1978	1977
Assets			
Cash resources	**2,332,437**	2,072,995	1,998,209
Securities	**1,930,809**	1,575,677	1,245,138
Call loans	**133,684**	131,488	158,200
Other loans	**10,368,794**	8,627,400	7,444,277
Bank premises, net	**94,082**	76,067	67,082
Acceptances, guarantees and letters of credit	**492,907**	316,566	250,435
Other assets	**122,646**	37,774	23,749
Total assets	**15,475,359**	12,837,967	11,187,090
Liabilities			
Deposits	**14,395,946**	11,922,426	10,459,164
Acceptances, guarantees and letters of credit	**492,907**	316,566	250,435
Other liabilities	**20,548**	41,725	20,837
Accumulated appropriations for losses	**108,793**	111,602	94,806
Debentures	**121,948**	120,998	100,000
Shareholders' equity	**335,217**	324,650	261,848
Total liabilities	**15,475,359**	12,837,967	11,187,090
Statement of Accumulated Appropriations for Losses			
Accumulated appropriations at beginning of year	**111,602**	94,806	81,520
Additions (deductions) during year:			
Appropriation from current year's operations	**7,644**	13,172	10,173
Loss experience on loans less provision included in other operating expenses	**(1,332)**	(7,633)	(6,679)
Profits and losses on securities, etc.	**(7,355)**	1,384	3,174
Other profits and losses, net	**(31)**	1,409	981
Provision for income taxes	**6,264**	8,464	9,387
Transferred from rest account	**—**	—	—
Transferred to undivided profits	**(8,000)**	—	(3,750)
	(2,810)	16,796	13,286
Accumulated appropriations at end of year:			
General	**87,673**	88,736	80,508
Tax-paid	**21,119**	22,866	14,298
Total	**108,792**	111,602	94,806

1976	1975	1974	1973	1972	1971	1970
1,501,851	1,224,714	1,007,541	734,218	735,554	522,384	357,980
1,158,625	1,146,612	1,122,133	1,053,612	1,112,280	969,013	755,528
154,322	139,659	85,216	129,396	123,686	167,221	111,398
6,386,713	5,184,858	4,275,449	3,354,448	2,405,477	1,863,027	1,611,191
60,755	51,865	45,973	39,564	35,982	33,628	31,392
202,380	172,730	133,696	70,674	89,131	128,824	119,333
14,120	10,677	12,699	10,506	13,051	12,823	9,097
9,478,766	7,931,115	6,682,707	5,392,418	4,515,161	3,696,920	2,995,919
8,844,039	7,421,208	6,259,514	5,031,622	4,197,980	3,379,303	2,728,281
202,380	172,730	133,696	70,674	89,131	128,824	119,333
23,734	14,989	16,729	20,231	7,664	5,066	6,889
81,520	68,312	51,014	56,603	49,250	48,470	38,815
95,000	70,000	60,000	60,000	35,000	15,000	—
232,093	183,876	161,754	153,288	136,136	120,257	102,601
9,478,766	7,931,115	6,682,707	5,392,418	4,515,161	3,696,920	2,995,919
70,518	51,014	56,603	49,250	48,470	38,815	39,633
9,429	13,688	10,268	8,740	6,602	6,220	5,867
(4,333)	(7,476)	(1,821)	(2,069)	(417)	(810)	(594)
2,369	3,992	(16,705)	(4,216)	410	5,702	(4,629)
(1,475)	(1,191)	(3,456)	(1,067)	1,529	(68)	(542)
5,452	10,285	6,125	6,965	4,156	2,611	(920)
3,800	—	—	—	—	—	—
(4,240)	(2,000)	—	(1,000)	(11,500)	(4,000)	—
11,002	17,298	(5,589)	7,353	780	9,655	(818)
63,453	61,903	46,512	47,308	40,441	33,523	23,803
18,067	6,409	4,502	9,295	8,809	14,947	15,012
81,520	68,312	51,014	56,603	49,250	48,470	38,815

Ten-year statistical review
Thousand of dollars

Revenue, expenses and undivided profits	1979	1978	1977
Revenue			
Income from loans	**1,331,255**	935,369	798,232
Income from securities	**155,513**	108,056	92,385
Other operating revenue	**87,420**	71,055	52,847
Total revenue	**1,574,188**	1,114,480	943,464
Expenses			
Interest on deposit and bank debentures	**1,161,851**	707,669	589,737
Salaries, etc.	**228,818**	192,624	166,613
Property expenses, etc.	**56,556**	48,301	41,366
Other operating expenses	**109,136**	86,842	72,293
Total expenses	**1,556,361**	1,035,436	870,009
Balance of revenue	**17,827**	79,044	73,455
Provision for income taxes relating thereto	**(15,002)**	30,491	32,327
Balance of revenue after provision for income taxes	**32,829**	48,553	41,128
Appropriation for losses	**7,644**	13,172	10,173
Balance of profits	**25,185**	35,381	30,955
Dividends	**23,391**	19,865	16,168
Amount carried forward	**1,794**	15,516	14,787
Undivided profits at beginning of year	**691**	675	567
Transfer from accumulated appropriations for losses	**8,000**	—	3,750
	10,485	16,191	19,104
Transfer to rest account	**10,317**	15,500	18,429
Undivided profits at end of year	**168**	691	675
Other statistics			
Number of shares (weighted average)	**20,098,856**	17,921,739	15,690,746
Balance of revenue after provision for income taxes per share	**1.63**	2.71	2.62
Dividends per share (in dollars)	**1.16**	1.12	1.03
Number of shareholders	**22,416**	23,477	22,495
Number of employees	**14,803**	14,922	13,466
Number of branches	**868**	830	748

Figures for 1978 and 1979 have been consolidated; figures for previous years have been adjusted

1976	1975	1974	1973	1972	1971	1970
711,054	560,556	461,185	286,286	197,804	166,638	153,852
94,101	87,266	78,504	72,005	64,322	50,212	47,613
49,124	48,953	40,272	34,943	26,741	25,462	25,946
854,279	696,775	579,961	393,234	288,867	242,312	227,411
539,266	432,258	366,620	218,634	149,882	117,482	113,522
143,146	113,232	90,030	73,170	62,076	55,644	50,299
35,853	28,643	23,670	19,858	17,124	15,004	13,302
62,355	48,092	36,770	26,957	20,856	18,382	16,017
780,620	622,225	517,090	338,619	249,938	206,512	193,140
73,659	74,550	62,871	54,615	38,929	35,800	34,271
35,310	36,513	32,000	27,001	18,525	18,057	17,921
38,349	38,037	30,871	27,614	20,404	17,743	16,350
9,429	13,688	10,268	8,740	6,602	6,220	5,867
28,920	24,349	20,603	18,874	13,802	11,523	10,483
15,153	13,060	12,241	10,743	9,551	7,739	6,998
13,767	11,289	8,362	8,131	4,251	3,784	3,485
(610)	1,054	692	736	985	1,201	1,416
4,240	2,000	—	1,000	11,500	4,000	—
17,397	14,343	9,054	9,867	16,736	8,985	4,901
16,830	13,713	8,000	9,175	16,000	8,000	3,700
567	630	1,054	692	736	985	1,201
15,292,430	12,920,800	12,839,639	12,574,310	12,202,276	11,771,448	11,193,558
2.51	2.94	2.40	2.20	1.67	1.51	1.46
0.99	1.02	0.95	0.85	0.78	0.66	0.63
22,540	17,015	16,369	16,203	14,874	14,774	—
12,827	11,682	10,876	10,002	9,246	8,631	8,281
731	688	671	654	636	626	612

Board of Directors

Germain Perreault,
Outremont
Chairman of the Board and
Chairman of the Executive
Committee
National Bank of Canada

Léo Lavoie,
Montréal
Vice-Chairman of the Board
National Bank of Canada

Michel Bélanger,
Outremont
President and Chief Executive
Officer
National Bank Of Canada

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Montréal
President
Groupe Minier Sullivan Ltée

Charles-E. Demers,
Québec City
President
Komo Construction Inc.

Roger DeSerres,
Westmount
President
Omer DeSerres Ltée

George S. Mann,
Toronto
President
Unicorp Financial Corporation

Michel Baribeau,
Lévis
Executive Vice-President
Baribeau & Fils Inc.

Laurent Beaudoin,
Montréal
Chairman of the Board and
Chief Executive Officer
Bombardier Inc.

Marcel Bélanger,
Québec City
President
Gagnon et Bélanger Inc.

Hervé Belzile,
Town of Mount Royal
President
Alliance Mutual Life
Insurance Company

Guy Bernier,
Montréal
President
L'Union régionale de Montréal
des Caisses populaires Desjardins

Marc Bourgie,
Montréal
President
Urgel Bourgie Ltée

Jean Charton,
Westmount
President
Herdt & Charton (1971) Inc.

J.V. Raymond Cyr,
Montréal
Executive Vice-President
(Administration)
Bell Canada

Jacques Douville,
St-Lambert
Executive Vice-President and
Chief General Manager
National Bank of Canada

Claude Ducharme,
Outremont
Partner
Desjardins, Ducharme, Desjardins
& Bourque, Advocates

Gilbert Finn,
Dieppe, N. B.
President and Chief Executive Officer
Assumption Mutual Life
Insurance Company

Jacques-J. Giasson,
Town of Mount Royal
President and Chief Executive Officer
La Compagnie des Ciments
du St-Laurent

Roland Giguère,
St-Hilaire
Chairman of the Board and
Chief Executive Officer
Télé-Métropole Inc.

Claude Janssen,
Paris, France
General Manager
Banque Worms

Mary Lamontagne,
Québec City
Company Director

André Latreille,
Town of Mount Royal
President
Bélair Insurance Company

Charles-E. Marquis,
Sillery
President and General Manager
Valcartier Industries Ltd.

Jean-Marie Ouellet,
Sainte-Foy
President and Chief Executive Officer
L'Union régionale de Québec
des Caisses populaires Desjardins

J.-Robert Ouimet,
Outremont
President and General Manager
Les Entreprises J.-René Ouimet Ltée
and Cordon Bleu Ltée

Robert Parizeau,
Montréal
President and Chief Executive Officer
Sodarcan, Ltée

Jean-Marie Poitras,
Québec City
President and Chief Executive Officer
La Laurentienne Compagnie Mutuelle
d'Assurance

Maurice-W. Soucy,
Rivière-du-Loup
President
Nap Dumont Ltée

Guy St-Germain,
St-Hyacinthe
President and General Manager
The Commerce Group
Insurance Company

Paul-Gaston Tremblay,
Chicoutimi
Partner
Gagnon, Bergeron, Tremblay,
Pelletier, Gauthier & Associés,
Chartered Accountants

Antoine Turmel,
Westmount
Chairman of the Board and
Chief Executive Officer
Provigo Inc.

Louise B. Vaillancourt,
Outremont
Company Director

Philip F. Vineberg,
Westmount
Partner
Phillips & Vineberg, Advocates

Committees of the Board of Directors

Executive Committee

Germain Perreault, Chairman
Michel Bélanger
Marcel Bélanger
Hervé Belzile
Guy Bernier
Jacques Douville
Claude Ducharme
Jacques-J. Giasson
Léo Lavoie
Jean-Marie Poitras
Guy St-Germain
Antoine Turmel

Pension Fund Committee

Louise B. Vaillancourt, Chairwoman
Michel Baribeau
Gilbert Finn
André Latreille
Robert Parizeau
Maurice-W. Soucy

Premises Committee

Marc Bourgie, Chairman
Hervé Belzile
Roger DeSerres
Jacques-J. Giasson
Roland Giguère

Human Resources Committee

Antoine Turmel, Chairman
J. V. Raymond Cyr
Jacques-J. Giasson
Mary Lamontagne
George S. Mann
Guy St-Germain

Audit Committee

Hervé Belzile, Chairman
J.-Jacques Beauchemin
Laurent Beaudoin
Jean Charton
Roland Giguère
Philip F. Vineberg

Executive Officers

Michel Bélanger, President and Chief Executive Officer
- **Hari Thakur,** Vice-President—Corporate Planning

Yvon Marcoux, Vice-President and Secretary
- **Alain Robichaud,** Assistant Secretary

Claude Lorange, Vice-President—Communications
- **Alain Labonté,** Manager—Public Relations

Jacques Douville, Executive Vice-President and Chief General Manager

Yvan Desjardins, Vice-President—Legal Affairs

Claude Primeau, Vice-President—Human Resources
- **Réjean Charest,** Advisor—Organization Planning
- **Michel Charron,** Manager—Training and Development Centre
- **Pierre H. Décarie,** Manager—Employee Relations
- **Gilles Émond,** Manager—Compensation
- **Bruno Guilbert,** Project Manager—Personnel File Automation
- **Renaud Nadeau,** Human Resources—Planning and Staffing

Jean Barrett, Senior Vice-President and General Manager (Data Processing)

Gérald Blais, Vice-President—Systems Development
- **André Berger,** Manager—Organization and Methods
- **Jean-Jacques Péponnet,** Manager—Systems Development - Head Office and Clientele
- **Pierre Plasse,** Manager—Data Processing - Planning and Research
- **Bernard Poitras,** Manager—Systems Development - Branch Network

Humberto Santos, Vice-President—Data Processing Operations
- **Gilles Berthold,** Manager—Computer Centre - Development
- **Gilbert Charron,** Manager—Clearing Centre - Montréal
- **Marcel Clermont,** Manager—External Users - Data Processing
- **Bertrand Rousseau,** Manager—Internal Users - Data Processing
- **Denis C. Thellen,** Manager—Regional Centres - Clearing & Processing
- **Minh Tran,** Manager—Computer Centre - Development

Jean Machabée, Senior Vice-President and General Manager (Administration)

Georges Fortin, Vice-President—Administration
- **Yvon Choinière,** Manager—Internal Audit
- **Jean Lépine,** Manager—Inspection
- **Gaëtan Parent,** Manager—Security
- **Jean-Paul Roy,** Superintendent
- **Raymond Séguin,** Vice-President and Manager—Securities

Claude Jasmin, Vice-President—Real Estate and Purchasing
- **Paul Charlebois,** Manager—Purchasing
- **Jean-Guy Garneau,** Manager—Premises
- **Alban Laliberté,** Manager—Internal Services
- **Ronald Poliseno,** Manager—Real Estate Management

Gilles Mercure, Executive Vice-President

Pierre Castonguay, Senior Vice-President and General Manager (Credit)

Hubert Dunn, Vice-President—Credits
- **Michel Bellerose,** Manager—Credit Counselling
- **André-Guy Gauthier,** Manager—Collection
- **Roger Reinhardt,** Manager—Legal

René Fortier, Vice-President—Credit
- **Danny Aronoff,** President—Mirabel Factors Corporation Ltd.
- **Louis Giasson,** Manager—Credit Research and Development
- **Yvon Julien,** Manager—Mortgage
- **Cyrille Parent,** Manager—Farm Services
- **Paul Villers,** Manager—Consumer Credit

Richard Lapointe, Vice-President—National Accounts
- **Michel Blain,** Vice-President and General Manager—Procan Financial Services Ltd.
- **Raymond Davignon,** Manager—Corporate Accounts
- **Bernard Paradis,** Manager—Private Placements
- **Normand Véronneau,** Manager—Term Financing
- **Pascal Laquerre,** Vice-President—Bank Card
- **Hubert Harel,** Manager—Master Charge
- **Jacques Lévesque,** Manager—Visa

Jacques A. Seigneuret, Senior Vice-President and General Manager (Finance)
- **Guy Glorieux,** Manager—Economic Analysis
- **Jean-Robert Pelland,** Manager—Financial Planning

Raymond Bussières, Vice-President and Comptroller
- **Pierre Desroches,** Manager—Corporate Services
- **Claude Garneau,** Deputy Chief Accountant
- **René Gouin,** Chief Accountant
- **Réal Hébert,** Vice-President and Assistant Comptroller
- **Robert Thomas,** Manager—Profitability Studies

Gilles Roch, Executive Vice-President*

Roland Lefebvre, Vice-President—Investment

Pierre Comtois, Manager—Bond Department
Pierre Garceau, Manager—Money Market
Gilles Tremblay, Manager—Portfolio Management

André Bérard, Vice-President—International

Jean-Guy Langelier, Manager—Administration
Yves Namy, Manager—Money Market & Foreign Exchange
Gaby Touma, Manager—International Commercial Operations

Pierre Genêt, Vice-President—International Credit

Laval-Yves Boily, Manager—Banking Relations - International Division
Gaëtan Boisvert, Manager—International Credit
Yves D'Anjou, Manager—Export Financing
André Doyon, Managing Director—National Bank of Canada (Bahamas) Limited
Milan R. Shuster, Regional Manager—Asia/Pacific
Hans Solmsen, Senior Vice-President—New York Agency

André Plagnol, Vice-President—Europe, Africa, Middle East

Maurice Constant, General Manager—London Branch
Michel Tessier, Regional Manager—Europe, Africa, Middle East
Arsène Trocherie, Manager—Paris Branch

Paul Geoffrion, Manager—Marketing - Products
Pierre Lacasse, Manager—Marketing - Distribution
Jean Verdon, Manager—Advertising and Sales Promotion

Jean Boulanger, Senior Vice-President and General Manager (Québec)

Yvon Beaupré, Vice-President—Operations - Greater Montréal
Maurice Bigras, Vice-President—Operations - Montréal
Lawrence Labonté, Vice-President—Operations - Québec City
Gérard Lacerte, Vice-President—Operations - St.Lawrence and Ottawa Valley
Denis Mathieu, Vice-President—Operations - Eastern Québec
Guy Tremblay, Vice-President—Operations - Western Québec

Berthier Bélanger, Vice-President—Operations—Maritimes
Kenneth L. Dawson, Vice-President—Operations—Ontario and Western Provinces

Raoul Asselin, Senior Vice-President and General Manager (Credit Committee)

Napaul Poisson, Vice-President—Special Assignments

*See Divisions on pages 34 and 35.

Divisions

MONTRÉAL, 94 points of sale
215, rue St-Jacques, Montréal, Québec H2Y 1M7

Maurice Bigras, Vice-President—Operations
- **Benoît Danault,** Manager—Administration
- **Jacques Lamontagne,** Manager-Consultant—Personnel
- **Jean Joly,** Divisional Manager—Credit
- **Denis Demers,** District Manager
- **Yvan Granger,** District Manager
- **Paul-André Malo,** District Manager
- **Robert C. Marchand,** District Manager
- **Bernard Millette,** District Manager

GREATER MONTRÉAL, 135 points of sale
500, place d'Armes, Montréal, Québec H2Y 2W3

Yvon Beaupré, Vice-President—Operations
- **Roger Lagacé,** Manager—Administration
- **Claude Lemay,** Manager-Consultant—Personnel
- **Jacques Gagné,** Divisional Manager—Credit
- **Fernand Lamothe,** District Manager
- **Jean-Maurice Lefebvre,** District Manager
- **Gaston Marcoux,** District Manager
- **Roland Meunier,** District Manager
- **Camille Racine,** District Manager
- **Roland Séguin,** District Manager

ST. LAWRENCE AND OTTAWA VALLEY, 114 points of sale
215, rue St-Jacques, Montréal, Québec H2Y 1M7

Gérard Lacerte, Vice-President—Operations
- **Jacques Roy,** Manager—Administration
- **Roger Grondin,** Divisional Manager—Credit
- **Lionel Boivin,** District Manager
- **Gaétan Dagenais,** District Manager
- **Richard Lacasse,** District Manager
- **Pierre Paquette,** District Manager

WESTERN QUÉBEC, 173 points of sale
500, place d'Armes, Montréal, Québec H2Y 2W3

Guy Tremblay, Vice-President—Operations
- **Jules G. Lachance,** Manager—Administration
- **Jean-Paul Chapdelaine,** Divisional Manager—Credit
- **Jacques Brassard,** District Manager
- **Gérald Brouillard,** District Manager
- **André Drouin,** District Manager
- **Yvon Dufour,** District Manager
- **Claude Hugo,** District Manager
- **Roland Robichaud,** District Manager

QUÉBEC CITY, 96 points of sale
150, boulevard St-Cyrille est, Québec, Québec G1R 2B2

Lawrence Labonté, Vice-President—Operations
- **Réjean Parent,** Manager—Administration
- **Gilles Beaudette,** Manager-Consultant—Personnel
- **Guy Duval,** Divisional Manager—Credit
- **Jean-Claude Asselin,** District Manager
- **Gérard Dubé,** District Manager
- **André Lizotte,** District Manager
- **Rosaire Turcotte,** District Manager
- **Marcel Verret,** District Manager

EASTERN QUÉBEC, 147 points of sale
2590, boulevard Laurier, Suite 1000, Ste-Foy, Québec G1V 4M6

Denis Mathieu, Vice-President—Operations
- **Marcel Guay,** Manager—Administration
- **Marcellin Messier,** Manager-Consultant—Personnel
- **Robert Dallaire,** Divisional Manager—Credit
- **Réal Beaudoin,** District Manager
- **Jean-Marie Canuel,** District Manager
- **Raymond Dallaire,** District Manager
- **Jean-Claude Gaudette,** District Manager
- **Rémi Langlois,** District Manager

MARITIMES, 31 points of sale
766 Main Street, Moncton, New Brunswick E1C 1E6

Berthier Bélanger, Vice-President—Operations
- **Adolphe Boudreau,** Manager—Credit
- **Roméo E. Basque,** District Manager
- **Raymond Gélinas,** District Manager

ONTARIO AND WESTERN PROVINCES, 78 points of sale
141 Adelaide Street West, Suite 1800, Toronto, Ontario M5H 3L5

Kenneth L. Dawson, Vice-President—Operations
- **Réal Rousseau,** Assistant Vice-President—Administration
- **Denis J. Nolan,** Assistant Vice-President—Operations
- **Donald J. Mair,** Manager—Administration
- **Gerald W. Levasseur,** Manager-Consultant—Personnel
- **Louis J. Soullière,** Divisional Manager—Credit
- **Thomas Hunt,** Divisional Manager—Industrial Credit
- **Joseph O.F. Arsenault,** District Manager
- **Audrey J. Beers,** District Manager
- **Gerald Seeger,** District Manager
- **Gordon R. Dryden,** Legal Advisor

Foreign Offices

UNITED STATES
New York Agency
650 Fifth Avenue
New York, N.Y.
U.S.A. 10019

EUROPE
Europe, Africa and Middle East Office
47 avenue George V
75008 Paris, France

London, Great Britain
Portland House
72/73 Basinghall St.
London, England EC2V 5JA

Paris, France
47 avenue George V
75008 Paris, France

ASIA AND PACIFIC
Asia and Pacific Office
3919 Connaught Centre
Connaught Place
Hong Kong

Subsidiaries

CANADA

Factoring
Mirabel Factors Corporation Ltd.
50, place Crémazie—suite 811
Montréal, Québec
H2P 1A6

Leasing
Procan Financial Services Ltd.
215, rue St-Jacques
Montréal, Québec
H2Y 1M7

Services Financiers BCN Ltée*
500, place d'Armes
Montréal, Québec
H2Y 2W2

Leasing and Mortgage Credit
Laurentide Financial Corporation Ltd.
1177 Hastings Street W.
Vancouver, B.C.
V6E 2K3

Realty
Compagnie Immobilière BCN Ltée
500, place d'Armes—suite 800
Montréal, Québec
H2Y 2W2

Pro-Can Realties Limited
221, rue St-Jacques
Montréal, Québec
H2Y 1M7

Mortgage Loans
Procan Mortgage Corporation
215, rue St-Jacques
Montréal, Québec
H2Y 1M6

BAHAMAS
Banque Canadienne Nationale (Bahamas) Limited†
P.O. Box N 3015
Nassau, Bahamas

National Bank of Canada (International) Limited
P.O. Box N 3015
Nassau, Bahamas

EUROPE
Banque Nationale du Canada (France) S.A.
47 avenue George V
75008 Paris, France

HONG KONG
Natcan Finance (Asia) Limited
3919 Connaught Centre
Connaught Place
Hong Kong

*currently being merged with Procan Financial Services Ltd.
†currently being integrated with National Bank of Canada (International) Limited

Associated Companies

CANADA
Crédit Industriel Desjardins
1, Complexe Desjardins—suite 1204,
Montréal, Québec
H5B 1B2

Imnat Ltée*
500, place d'Armes
Montréal, Québec
H2Y 2W2

Roynat Ltd.
620 ouest, boulevard Dorchester
Montréal, Québec
H3B 1P2

EUROPE
Banque de l'Union Occidentale
Paris 127, avenue des Champs Élysées
75008 Paris, France

Deutsche Kredit-und Handelsbank A.G.
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*in the process of becoming a wholly-owned subsidiary of the National Bank

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500, place d'Armes,
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